

UNCLAS ASUNCION 000883

SIPDIS

STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR SCRONIN AND LYANG
NSC FOR KIM BREIER
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [EFIN](#) [AFIN](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, JULY 2-8

REF: A. ASUNCION 226
[1B.](#) ASUNCION 813

1. (U) Summary

-- President Duarte Encounters a Polarized Congress
-- TIP Suspect Extradited from Spain
-- Ministry of Finance to Combat Corruption

President Duarte Encounters a Polarized Congress

[12.](#) During the first official session under new Senate leadership (ref B), President Duarte delivered the State of the Nation Address to Congress on July 1, emphasizing his administration's achievements and assessing what still needs to be done. The President pledged to continue his battle against crime, specifically noting his commitment to fight terrorist financing. (Comment: It is rare for the President to officially acknowledge that financing of terrorism occurs in Paraguay. End Comment.) President Duarte's speech also called on the US Government to open its markets to Paraguayan meat products. (Comment: Emboffs have advised the GOP in the past that the only barrier to importing beef is compliance with US sanitary regulations, pointing to Uruguay as proof. Emboffs will stress that point in upcoming meetings with administration officials. End Comment.) The opposition to the new leadership in Congress, consisting of the Authentic Radical Liberal Party (PLRA), the Beloved Fatherland Party (PPQ), and the National Union of Ethical Citizens (UNACE) party, refrained from attending the July 1 session. The opposition leaders accused President Duarte of interfering in legislative matters to promote the election of new Senate President, Carlos Filizzola, of the socialist Country in Solidarity Party (PPS), adding that they did not want to hear his "hypocritical" speech.

[13.](#) The opposition bloc also confirmed their decision not to head any of the committees during the 2005-2006 legislative period. Senators from ruling Colorado Party (ANR) will head 10 of the 14 Senate committees and four dissident opposition Senators, who have formed a pact with the ruling Colorado Party, will head the remaining committees. Of the four principal committees, ANR will preside over three: Finance and Budget, Legislation and Coding, and Foreign Relations. The National Encounter Party (PEN) will head the Constitutional Affairs Committee. (Comment: The opposition is bitter about being outmaneuvered by the Colorados for control of the Congress and threatens to undermine the Colorados' legislative agenda. End comment.)

TIP Suspect Extradited from Spain

[14.](#) (U) The Director of the Ministry of Women, Graciela Zelayla, informed post that Ms. Carolina Maidana Duarte was extradited from Spain into GOP custody on July 1 for her involvement in the trafficking of Lurde Resquin to Spain. In December 2004, Ms. Maidana's brother, Raul Antonio Maidana Duarte, and Mario Ramon Gonzalez Caceres, were convicted for their involvement in the trafficking of this same woman. (Note: Post has learned that this conviction was overturned on appeal in April 2005 by a vote of 2-1 on the grounds that the defendants should be tried in Spain where the trafficked woman suffered the ultimate effects of the crime. The decision to overturn the conviction by the Appellate Court will come up for review by the Supreme Court's Penal Court. Post intends to raise this case with the Supreme Court. End Note.)

Ministry of Finance to Combat Corruption

[15.](#) (U) On June 23, Finance Minister Bergen approved creation of an internal investigation unit to combat corruption in all agencies of the Ministry of Finance. The unit complements other entities created in the National Anti-drug Secretariat (SENAD), Customs, and the Ministry of Industry and Commerce to investigate predicate offenses contributing to money laundering and terrorist financing.

